



ANNUAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2013
OF THE CONDITION AND AFFAIRS OF THE
PHYSICIANS HEALTH PLAN

NAIC Group Code 3408, 3408 NAIC Company Code 95849 Employer's ID Number 38-2356288
(Current Period) (Prior Period)

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile US

Licensed as business type:

Life, Accident and Health [] Property/Casualty [] Hospital, Medical and Dental Service or Indemnity []
Dental Service Corporation [] Vision Service Corporation [] Other []
Health Maintenance Organization [X] Is HMO Federally Qualified? Yes () No (X)

Incorporated/Organized December 18, 1980 Commenced Business October 1, 1981

Statutory Home Office 1400 East Michigan Avenue, Lansing, Michigan, US 48912
(Street and Number, City or Town, State, Country and Zip Code)

Main Administrative Office 1400 East Michigan Avenue, Lansing, Michigan, US 48912 517-364-8400
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OFFICERS
Dennis Reese# (President)
Kenneth Rudman, MD# (Secretary)

OTHER OFFICERS
James Butler, III# (Chairperson)

DIRECTORS OR TRUSTEES

Diana Rodriguez Algra
Judith Cardenas, PhD#
MaryLee Davis, PhD
Thomas Hofman, PhD
David Kaufman, DO#
Deborah Muchmore
Dennis Swan

James Butler, III
Kathleen Conklin
Timothy Hodge, DO#
Bradley Hoopingarner, MD
Patrick McPharlin#
Kenneth Rudman, MD
Dennis Reese#

State of Michigan }
County of Ingham } SS

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

Dennis Reese# James Butler, III# Kenneth Rudman, MD#
President Chairperson Secretary

Subscribed and sworn to before me this day of
a. Is this an original filing? Yes (X) No ()
b. If no: 1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Col 1 - Col 2)	4 Net Admitted Assets
1. Bonds (Schedule D)				
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	42,551,029		42,551,029	38,386,562
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)	1,760,411		1,760,411	1,864,644
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$ (4,523,906) , Schedule E - Part 1) , cash equivalents (\$, Schedule E - Part 2) and short-term investments (\$ 28,879,220 ,Schedule DA)	24,355,314		24,355,314	18,036,456
6. Contract loans (including \$ premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	7,727,980		7,727,980	6,259,898
9. Receivables for securities	758,828		758,828	
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Line 1 through Line 11)	77,153,562		77,153,562	64,547,560
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	488		488	664
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	3,299,166		3,299,166	2,847,056
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	119,461		119,461	150,497
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	3,308,010	3,227,478	80,532	143,185
21. Furniture and equipment, including health care delivery assets (\$)	25,384	25,384		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	1,163,984		1,163,984	1,486,878
24. Health care (\$ 676,000) and other amounts receivable	2,573,235	1,228,561	1,344,674	10,772,203
25. Aggregate write-ins for other-than-invested assets	1,482,488	1,482,488		
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	89,125,778	5,963,911	83,161,867	79,948,043
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Line 26 and Line 27)	89,125,778	5,963,911	83,161,867	79,948,043
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)				
2501. PREPAIDS	1,482,488	1,482,488		
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	1,482,488	1,482,488		

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 42,428 reinsurance ceded)	10,658,500	3,891,005	14,549,505	18,433,979
2. Accrued medical incentive pool and bonus amounts	4,775,555		4,775,555	4,650,786
3. Unpaid claims adjustment expenses	267,069		267,069	341,597
4. Aggregate health policy reserves, including the liability of \$ for medical loss ratio rebate per the Public Health Service Act				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	410,050		410,050	1,016,433
9. General expenses due or accrued	3,108,926		3,108,926	2,567,580
10.1 Current federal and foreign income tax payable and interest thereon (including \$ realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	145,301		145,301	150,647
13. Remittances and items not allocated				
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)				
15. Amounts due to parent, subsidiaries and affiliates	941,218		941,218	60,486
16. Derivatives				
17. Payable for securities	758,829		758,829	
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers)				
20. Reinsurance in unauthorized and certified (\$) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans				
23. Aggregate write-ins for other liabilities (including \$ current)				
24. Total liabilities (Line 1 to Line 23)	21,065,448	3,891,005	24,956,453	27,221,508
25. Aggregate write-ins for special surplus funds	X X X	X X X		
26. Common capital stock	X X X	X X X		
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X		
29. Surplus notes	X X X	X X X		
30. Aggregate write-ins for other-than-special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	58,205,414	52,726,535
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 \$)	X X X	X X X		
32.2 shares preferred (value included in Line 27 \$)	X X X	X X X		
33. Total capital and surplus (Line 25 to Line 31 minus Line 32)	X X X	X X X	58,205,414	52,726,535
34. Total liabilities, capital and surplus (Line 24 and Line 33)	X X X	X X X	83,161,867	79,948,043
DETAILS OF WRITE-INS				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Line 2301 through Line 2303 plus Line 2398) (Line 23 above)				
2501.	X X X	X X X		
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	X X X	X X X		
3001.	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. Totals (Line 3001 through Line 3003 plus Line 3098) (Line 30 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	405,089	420,519
2. Net premium income (including \$ non-health premium income)	X X X	163,225,016	166,175,961
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$ medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X	32,046,409	48,414,507
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Line 2 to Line 7)	X X X	195,271,425	214,590,468
Hospital and Medical:			
9. Hospital/medical benefits		90,641,384	97,516,968
10. Other professional services		9,901,323	10,206,215
11. Outside referrals			
12. Emergency room and out-of-area		36,123,916	45,163,881
13. Prescription drugs		37,662,798	41,777,876
14. Aggregate write-ins for other hospital and medical		587,624	453,748
15. Incentive pool, withhold adjustments, and bonus amounts		4,879,018	4,641,802
16. Subtotal (Line 9 to Line 15)		179,796,063	199,760,490
Less:			
17. Net reinsurance recoveries		903,454	1,893,650
18. Total hospital and medical (Line 16 minus Line 17)		178,892,609	197,866,840
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 2,601,296 cost containment expenses		3,791,978	4,268,792
21. General administrative expenses		11,812,868	13,298,252
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)			
23. Total underwriting deductions (Line 18 through Line 22)		194,497,455	215,433,884
24. Net underwriting gain or (loss) (Line 8 minus Line 23)	X X X	773,970	(843,416)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		629,621	782,560
26. Net realized capital gains (losses) less capital gains tax of \$		1,620,585	16,456
27. Net investment gains (losses) (Line 25 plus Line 26)		2,250,206	799,016
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			
29. Aggregate write-ins for other income or expenses			25,000
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Line 24 plus Line 27 plus Line 28 plus Line 29)	X X X	3,024,176	(19,400)
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Line 30 minus Line 31)	X X X	3,024,176	(19,400)
DETAILS OF WRITE-INS			
0601. HHS REIMBURSEMENT HIGH RISK POOL PROGRAM	X X X	32,046,409	48,414,507
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)	X X X	32,046,409	48,414,507
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. Totals (Line 0701 through Line 0703 plus Line 0798) (Line 7 above)	X X X		
1401. OTHER MEDICAL		587,624	453,748
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Line 1401 through Line 1403 plus Line 1498) (Line 14 above)		587,624	453,748
2901. PROVISION FOR BAD DEBT			25,000
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Line 2901 through Line 2903 plus Line 2998) (Line 29 above)			25,000

STATEMENT OF REVENUE AND EXPENSES (continued)

CAPITAL AND SURPLUS ACCOUNT	1	2
	Current Year	Prior Year
33. Capital and surplus prior reporting year	52,726,535	46,803,629
34. Net income or (loss) from Line 32	3,024,178	(19,400)
35. Change in valuation basis of aggregate policy and claims reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	2,525,633	2,730,119
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(70,932)	3,212,187
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Tranferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus		
48. Net change in capital and surplus (Line 34 to Line 47)	5,478,879	5,922,906
49. Capital and surplus end of reporting year (Line 33 plus Line 48)	58,205,414	52,726,535
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. Totals (Line 4701 through Line 4703 plus Line 4798) (Line 47 above)		

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	162,166,523	165,663,174
2. Net investment income	629,797	782,584
3. Miscellaneous income	40,496,332	44,006,770
4. Total (Line 1 through Line 3)	203,292,652	210,452,528
5. Benefit and loss related payments	181,318,173	192,899,469
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	13,346,571	17,603,213
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		
10. Total (Line 5 through Line 9)	194,664,744	210,502,682
11. Net cash from operations (Line 4 minus Line 10)	8,627,908	(50,154)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
12.2 Stocks	2,676,202	15,563,054
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	2,214	
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	1,129,771	106,481
12.8 Total investment proceeds (Line 12.1 through Line 12.7)	3,808,187	15,669,535
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks	5,190,284	1,412,676
13.3 Mortgage loans		
13.4 Real estate		6,800
13.5 Other invested assets		104,000
13.6 Miscellaneous applications		
13.7 Total investments acquired (Line 13.1 through Line 13.6)	5,190,284	1,523,476
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(1,382,097)	14,146,059
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(926,935)	1,025,417
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(926,935)	1,025,417
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	6,318,876	15,121,322
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	18,036,457	2,915,135
19.2 End of year (Line 18 plus Line 19.1)	24,355,333	18,036,457
Note: Supplemental disclosures of cash flow information for non-cash transactions:		
20.0001		
20.0002		
20.0003		
20.0004		
20.0005		
20.0006		
20.0007		
20.0008		
20.0009		
20.0010		

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE PHYSICIANS HEALTH PLAN

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	163,225,016	157,694,876				1,673,545			3,856,595	
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$ medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues	32,046,409								32,046,409	X X X
6. Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. Total revenues (Line 1 through Line 6)	195,271,425	157,694,876				1,673,545			35,903,004	
8. Hospital/medical benefits	90,641,384	83,727,821				1,154,485			5,759,078	X X X
9. Other professional services	9,901,323	8,580,907				126,112			1,194,304	X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area	36,123,916	16,986,111				460,105			18,677,700	X X X
12. Prescription drugs	37,662,798	27,509,046				629,490			9,524,262	X X X
13. Aggregate write-ins for other hospital and medical	587,624	436,360				7,484			143,780	X X X
14. Incentive pool, withhold adjustments, and bonus amounts	4,879,018	4,817,253				61,765				X X X
15. Subtotal (Line 8 through Line 14)	179,796,063	142,057,498				2,439,441			35,299,124	X X X
16. Net reinsurance recoveries	903,454	903,454								X X X
17. Total hospital and medical (Line 15 minus Line 16)	178,892,609	141,154,044				2,439,441			35,299,124	X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$ 2,601,296 cost containment expenses	3,791,978	3,599,900				45,335			146,743	
20. General administrative expenses	11,812,868	11,214,502				141,228			457,138	
21. Increase in reserves for accident and health contracts										X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. Total underwriting deductions (Line 17 through Line 22)	194,497,455	155,968,446				2,626,004			35,903,005	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	773,970	1,726,430				(952,459)			(1)	
DETAILS OF WRITE-INS										
0501. HHS	32,046,409								32,046,409	X X X
0502.										X X X
0503.										X X X
0598. Summary of remaining write-ins for Line 5 from overflow page										X X X
0599. Total (Line 0501 through Line 0503 plus Line 0598) (Line 5 above)	32,046,409								32,046,409	X X X
0601.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. Total (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301. Other	587,624	436,360				7,484			143,780	X X X
1302.										X X X
1303.										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. Total (Line 1301 through Line 1303 plus Line 1398) (Line 13 above)	587,624	436,360				7,484			143,780	X X X

UNDERWRITING AND INVESTMENT EXHIBIT

Part 1 - Premiums

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Column 1 plus Column 2 minus Column 3)
1. Comprehensive (hospital and medical)	159,181,967		1,487,091	157,694,876
2. Medicare Supplement				
3. Dental only				
4. Vision only				
5. Federal Employees Health Benefits Plan	1,692,384		18,839	1,673,545
6. Title XVIII - Medicare				
7. Title XIX - Medicaid				
8. Other health	3,856,595			3,856,595
9. Health subtotal (Line 1 through Line 8)	164,730,946		1,505,930	163,225,016
10. Life				
11. Property/casualty				
12. Totals (Line 9 to Line 11)	164,730,946		1,505,930	163,225,016

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	181,140,065	134,689,877				2,120,857			44,329,331	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded	1,098,221	1,098,221								
1.4 Net	180,041,844	133,591,656				2,120,857			44,329,331	
2. Paid medical incentive pools and bonuses	4,515,031	4,462,167				52,864				
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	14,591,932	13,893,833				155,220			542,879	
3.2 Reinsurance assumed										
3.3 Reinsurance ceded	42,428	42,428								
3.4 Net	14,549,504	13,851,405				155,220			542,879	
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year	4,775,555	4,713,790				61,765				
6. Net health care receivables (a)	2,729,030	2,150,787				24,028			554,215	
7. Amounts recoverable from reinsurers December 31, current year	119,461	119,461								
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	18,640,139	9,202,455				418,812			9,018,872	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded	206,160	206,160								
8.4 Net	18,433,979	8,996,295				418,812			9,018,872	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year	4,650,786	4,596,069				54,717				
11. Amounts recoverable from reinsurers December 31, prior year	150,497	150,497								
12. Incurred benefits:										
12.1 Direct	174,362,828	137,230,468				1,833,237			35,299,123	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded	903,453	903,453								
12.4 Net	173,459,375	136,327,015				1,833,237			35,299,123	
13. Incurred medical incentive pools and bonuses	4,639,800	4,579,888				59,912				

(a) Excludes \$ loans or advances to providers not yet expensed

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	1,665,175	1,585,511				17,713			61,951	
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	1,665,175	1,585,511				17,713			61,951	
2. Incurred but Unreported:										
2.1 Direct	12,926,757	12,308,322				137,507			480,928	
2.2 Reinsurance assumed										
2.3 Reinsurance ceded	42,428	42,428								
2.4 Net	12,884,329	12,265,894				137,507			480,928	
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS:										
4.1 Direct	14,591,932	13,893,833				155,220			542,879	
4.2 Reinsurance assumed										
4.3 Reinsurance ceded	42,428	42,428								
4.4 Net	14,549,504	13,851,405				155,220			542,879	

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Column 1 plus Column 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)	9,863,933	128,025,636	69,826	13,781,578	9,933,759	8,996,295
2. Medicare Supplement						
3. Dental Only						
4. Vision Only						
5. Federal Employees Health Benefits Plan	209,628	1,912,948	235	154,985	209,863	418,812
6. Title XVIII - Medicare						
7. Title XIX - Medicaid						
8. Other health	7,356,468	37,311,582	9,309	533,564	7,365,777	9,018,872
9. Health subtotal (Line 1 through Line 8)	17,430,029	167,250,166	79,370	14,470,127	17,509,399	18,433,979
10. Healthcare receivables (a)	2,753,058	1,885,286	75,664	1,828,897	2,828,722	
11. Other non-health						
12. Medical incentive pools and bonus amounts	4,515,031		242,552	4,533,003	4,757,583	4,650,786
13. Totals (Line 9 minus Line 10 plus Line 11 plus Line 12)	19,192,002	165,364,880	246,258	17,174,233	19,438,260	23,084,765

(a) Excludes \$ loans or advances to providers not yet expensed.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Comprehensive (Hospital and Medical)

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009	122,562	129,094	129,074	129,040	129,040
3. 2010	X X X	139,713	146,460	146,673	146,662
4. 2011	X X X	X X X	132,671	141,796	141,794
5. 2012	X X X	X X X	X X X	132,052	142,604
6. 2013	X X X	X X X	X X X	X X X	131,929

Section B - Incurred Health Claims - Comprehensive (Hospital and Medical)

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009	162,777	169,076	174,173	129,040	129,040
3. 2010	X X X	154,645	167,208	146,673	146,662
4. 2011	X X X	X X X	138,110	142,464	141,794
5. 2012	X X X	X X X	X X X	135,473	142,665
6. 2013	X X X	X X X	X X X	X X X	150,496

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Comprehensive (Hospital and Medical)

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009	175,928	129,040	4,072	3.156	133,112	75.663			133,112	75.663
2. 2010	162,417	146,662	3,527	2.405	150,189	92.471			150,189	92.471
3. 2011	153,909	141,794	3,212	2.265	145,006	94.215			145,006	94.215
4. 2012	160,698	142,604	4,034	2.829	146,638	91.251	312		146,950	91.445
5. 2013	159,182	131,929	3,517	2.666	135,446	85.089	18,315	253	154,014	96.753

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Medicare Supplement

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	X X X				
4. 2011	X X X	X X X			
5. 2012	X X X	X X X	X X X		
6. 2013	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims - Medicare Supplement

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	X X X				
4. 2011	X X X	X X X			
5. 2012	X X X	X X X	X X X		
6. 2013	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Medicare Supplement

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009										
2. 2010										
3. 2011										
4. 2012										
5. 2013										

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Dental Only

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	X X X				
4. 2011	X X X	X X X			
5. 2012	X X X	X X X	X X X		
6. 2013	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims - Dental Only

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	X X X				
4. 2011	X X X	X X X			
5. 2012	X X X	X X X	X X X		
6. 2013	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Dental Only

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009										
2. 2010										
3. 2011										
4. 2012										
5. 2013										

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Vision Only

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	X X X				
4. 2011	X X X	X X X			
5. 2012	X X X	X X X	X X X		
6. 2013	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims - Vision Only

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	X X X				
4. 2011	X X X	X X X			
5. 2012	X X X	X X X	X X X		
6. 2013	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Vision Only

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009										
2. 2010										
3. 2011										
4. 2012										
5. 2013										

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Federal Employees Health Benefit Plan

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009	3,623	3,938	3,937	3,937	3,937
3. 2010	X X X	3,812	3,990	3,988	3,988
4. 2011	X X X	X X X	1,953	2,081	2,080
5. 2012	X X X	X X X	X X X	2,312	2,522
6. 2013	X X X	X X X	X X X	X X X	1,913

Section B - Incurred Health Claims - Federal Employees Health Benefit Plan

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009	4,208	4,524	3,938	3,937	3,937
3. 2010	X X X	4,537	3,991	3,988	3,988
4. 2011	X X X	X X X	2,122	2,081	2,080
5. 2012	X X X	X X X	X X X	2,454	2,522
6. 2013	X X X	X X X	X X X	X X X	2,068

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Federal Employees Health Benefit Plan

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009	4,414	3,937	95	2.413	4,032	91.346			4,032	91.346
2. 2010	3,824	3,988	52	1.304	4,040	105.649			4,040	105.649
3. 2011	2,624	2,081	65	3.123	2,146	81.784			2,146	81.784
4. 2012	2,162	2,522	47	1.864	2,569	118.825			2,569	118.825
5. 2013	1,692	1,913	45	2.352	1,958	115.721	155	3	2,116	125.059

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XVIII Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	X X X				
4. 2011	X X X	X X X			
5. 2012	X X X	X X X	X X X		
6. 2013	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims - Title XVIII Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	X X X				
4. 2011	X X X	X X X			
5. 2012	X X X	X X X	X X X		
6. 2013	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII Medicare

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009										
2. 2010										
3. 2011										
4. 2012										
5. 2013										

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	X X X				
4. 2011	X X X	X X X			
5. 2012	X X X	X X X	X X X		
6. 2013	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	X X X				
4. 2011	X X X	X X X			
5. 2012	X X X	X X X	X X X		
6. 2013	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX Medicaid

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009										
2. 2010										
3. 2011										
4. 2012										
5. 2013										

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Other

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	X X X	330	330	331	331
4. 2011	X X X	X X X	12,612	16,564	16,564
5. 2012	X X X	X X X	X X X	43,953	51,252
6. 2013	X X X	X X X	X X X	X X X	37,038

Section B - Incurred Health Claims - Other

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability , Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	X X X	507	509	331	331
4. 2011	X X X	X X X	16,535	16,565	16,567
5. 2012	X X X	X X X	X X X	52,971	51,262
6. 2013	X X X	X X X	X X X	X X X	37,571

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Other

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009										
2. 2010	62	331	95	28.701	426	687.097			426	687.097
3. 2011	1,623	16,567	148	0.893	16,715	1,029.883			16,715	1,029.883
4. 2012	5,124	51,252	111	0.217	51,363	1,002.400	9		51,372	1,002.576
5. 2013	3,857	37,038	304	0.821	37,342	968.162	534	10	37,886	982.266

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE PHYSICIANS HEALTH PLAN

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009	126,185	133,032	133,011	132,977	132,977
3. 2010	X X X	143,855	150,780	150,992	150,981
4. 2011	X X X	X X X	147,236	160,441	160,438
5. 2012	X X X	X X X	X X X	178,317	196,378
6. 2013	X X X	X X X	X X X	X X X	170,880

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009	166,985	173,600	178,111	132,977	132,977
3. 2010	X X X	159,689	171,708	150,992	150,981
4. 2011	X X X	X X X	156,767	161,110	160,441
5. 2012	X X X	X X X	X X X	190,898	196,449
6. 2013	X X X	X X X	X X X	X X X	190,135

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in Which Premiums Were Earned and Claims Were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Column 3 divided by Column 2) Percent	5 Claim and Claim Adjustment Expense Payments (Column 2 plus 3)	6 (Column 5 divided by Column 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Column 5 plus 7 plus 8)	10 (Column 9 divided by Column 1) Percent
1. 2009	180,342	132,977	4,167	3.134	137,144	76.047			137,144	76.047
2. 2010	166,303	150,981	3,674	2.433	154,655	92.996			154,655	92.996
3. 2011	158,156	160,442	3,425	2.135	163,867	103.611			163,867	103.611
4. 2012	167,984	196,378	4,192	2.135	200,570	119.398	321		200,891	119.589
5. 2013	164,731	170,880	3,866	2.262	174,746	106.080	19,004	266	194,016	117.777

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Underwriting and Investment Exhibit, Part 2D

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1	2			
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ for occupancy of own building)	104,597	47,877	474,992		627,466
2. Salaries, wages and other benefits	918,466	420,405	4,170,886		5,509,757
3. Commissions (less \$ ceded plus \$ assumed)	183,606	84,041	833,780		1,101,427
4. Legal fees and expenses	18,782	8,597	85,291		112,670
5. Certifications and accreditation fees	3,709	1,698	16,843		22,250
6. Auditing, actuarial and other consulting services	104,718	47,932	475,540		628,190
7. Traveling expenses	990	453	4,494		5,937
8. Marketing and advertising	54,489	24,941	247,442		326,872
9. Postage, express, and telephone	21,728	9,946	98,672		130,346
10. Printing and office supplies	78,898	36,114	358,289		473,301
11. Occupancy, depreciation and amortization	66,373	30,380	301,407		398,160
12. Equipment	1,851	847	8,404		11,102
13. Cost or depreciation of EDP equipment and software					
14. Outsourced services including EDP, claims, and other services	619,886	283,738	2,814,993		3,718,617
15. Boards, bureaus and association fees	842	385	3,822		5,049
16. Insurance, except on real estate	9,266	4,241	42,076		55,583
17. Collection and bank service charges	8,143	3,727	36,979		48,849
18. Group service and administration fees	81,820	37,451	371,555		490,826
19. Reimbursements by uninsured accident and health plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes	6,600	3,021	29,973		39,594
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes	245,471	112,359	1,114,722		1,472,552
23.2 State premium taxes					
23.3 Regulator authority licenses and fees	12,336	5,646	56,018		74,000
23.4 Payroll taxes	53,760	24,607	244,131		322,498
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere				117,455	117,455
25. Aggregate write-ins for expenses	4,965	2,275	22,559		29,799
26. Total expenses incurred (Line 1 to Line 25)	2,601,296	1,190,681	11,812,868	117,455	(a) 15,722,300
27. Less expenses unpaid December 31, current year	183,209	83,860	3,108,926		3,375,995
28. Add expenses unpaid December 31, prior year	234,335	107,262	2,567,580		2,909,177
29. Amounts receivable relating to uninsured accident and health plans, prior year					
30. Amounts receivable relating to uninsured accident and health plans, current year					
31. Total expenses paid (Line 26 minus Line 27 plus Line 28 minus Line 29 plus Line 30)	2,652,422	1,214,083	11,271,522	117,455	15,255,482
DETAILS OF WRITE-INS					
2501. OTHER	4,965	2,275	22,559		29,799
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	4,965	2,275	22,559		29,799

(a) Includes management fees of \$ to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1	2
	Collected During Year	Earned During Year
1. U. S. Government bonds	(a)	
1.1 Bonds exempt from U. S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates	739,934	739,934
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 5,960	5,960
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	1,182	1,182
10. Total gross investment income	747,076	747,076
11. Investment expenses		(g) 117,455
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Line 11 through Line 15)		117,455
17. Net investment income (Line 10 minus Line 16)		629,621
DETAILS OF WRITE-INS		
0901. MISCELLANEOUS INTEREST	1,182	1,182
0902.		
0903.		
0998. Summary of remaining write-ins for Line 9 from overflow page		
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)	1,182	1,182
1501.		
1502.		
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Line 1501 through Line 1503 plus Line 1598) (Line 15 above)		
(a) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.	(f) Includes \$ accrual of discount less \$ amortization of premium.	
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.	(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.	
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.	(h) Includes \$ interest on surplus notes and \$ interest on capital notes.	
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.	(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.	
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.		

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5
	Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Col. 1 + Col. 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U. S. Government bonds					
1.1 Bonds exempt from U. S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)				2,185,322	
2.21 Common stocks of affiliates	1,620,585		1,620,585	(1,130,121)	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets				1,470,432	
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	1,620,585		1,620,585	2,525,633	
DETAILS OF WRITE-INS					
0901.					
0902.					
0903.					
0998. Summary of remaining write-ins for Line 9 from overflow page					
0999. Totals (Line 0901 through Line 0903 plus Line 0998) (Line 9 above)					

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E-Part 1) , cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Line 1 to Line 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	3,227,478	3,663,544	436,066
21. Furniture and equipment, including health care delivery assets	25,384	40,208	14,824
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable	1,228,561	1,554,060	325,499
25. Aggregate write-ins for other-than-invested assets	1,482,488	635,167	(847,321)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Line 12 to Line 25)	5,963,911	5,892,979	(70,932)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Line 26 and Line 27)	5,963,911	5,892,979	(70,932)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Line 1101 through Line 1103 plus Line 1198) (Line 11 above)			
2501. PREPAIDS	1,482,488	635,167	(847,321)
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Line 2501 through Line 2503 plus Line 2598) (Line 25 above)	1,482,488	635,167	(847,321)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations	34,374	33,055	33,147	31,905	31,901	391,479
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	2,240	2,513	2,300			13,610
7. Total	36,614	35,568	35,447	31,905	31,901	405,089
DETAILS OF WRITE-INS						
0601. HIGH RISK POOL PROGRAM	2,240	2,513	2,300			13,610
0602						
0603						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. Totals (Line 0601 through Line 0603 plus Line 0698) (Line 6 above)	2,240	2,513	2,300			13,610

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

The financial statements of Physicians Health Plan (PHP) are presented on the basis of accounting practices prescribed or permitted by the Michigan Office of Financial & Insurance Regulation (OFIR).

OFIR recognizes only statutory accounting practices prescribed or permitted by the state of Michigan for determining and reporting the financial condition and results of operations of an insurance company. The National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures Manual*, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Michigan.

A reconciliation of PHP’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the state of Michigan is shown below:

Description	December 31, 2013	December 31, 2012
(1) Net Income, Michigan	\$ 3,024,178	\$ (19,401)
(2) State Prescribed Practices: None	-	-
(3) State Prescribed Practices: None	-	-
(4) Net Income, NAIC SAP	\$ 3,024,178	\$ (19,401)

Description	December 31, 2013	December 31, 2012
(5) Statutory Capital & Surplus, Michigan	\$ 58,205,414	\$ 52,726,535
(6) State Prescribed Practices: None	-	-
(7) State Prescribed Practices: None	-	-
(8) Statutory Capital & Surplus, NAIC SAP	\$ 58,205,414	\$ 52,726,535

B. Use of Estimates

In preparing the financial statements in conformity with the NAIC *Annual Statement Instructions* and *Accounting Practices and Procedures Manual*, management makes estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

1. Short term investments are stated at amortized cost or at market value depending upon the respective investment.
2. Bonds
Not applicable
3. Common stocks are stated at market value.
4. Preferred stocks
Not applicable
5. Mortgage loans
Not applicable
6. Loan-backed securities
Not applicable
7. Investments in subsidiaries, controlled and affiliated companies:

PHP records its investment in PHP FamilyCare, a wholly owned subsidiary licensed as a Health Maintenance Organization (HMO) by the state of Michigan, using the audited statutory equity method and reports the increase or decrease in the investment as a change in unrealized gain or loss for capital & surplus.

NOTES TO FINANCIAL STATEMENTS

PHP records its investment in PHP Shared Services, LLC, a wholly owned subsidiary, using the audited statutory equity method and reports the increase or decrease in the investment as a change in unrealized gain or loss for capital & surplus.

PHP records its investment in PHP Service Company, a wholly owned subsidiary licensed as a Third Party Administrator by the state of Michigan, using the audited statutory equity method and reports the increase or decrease in the investment as a change in unrealized gain or loss for capital & surplus.

PHP records its investment in PHP Insurance Company, a wholly owned subsidiary licensed by the state of Michigan, using the audited statutory equity method and reports the increase or decrease in the investment as a change in unrealized gain or loss for capital & surplus.

8. Investments in joint ventures, partnerships and limited liability companies

Not applicable

9. Derivatives

Not applicable

10. Premium deficiency reserves

Not applicable

11. Estimates on unpaid losses are based upon the plan’s past experience, individual case estimates and an estimate for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined. Loss/claim adjustment expenses related to claims is accrued based on estimates of expenses to process those claims.

12. PHP has not modified its capitalization policy from the prior period.

13. Pharmaceutical rebate receivable estimates are based upon historical rebate trends, Plan membership and estimates from PHP’s pharmacy benefit manager.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

Not applicable

3. BUSINESS COMBINATIONS AND GOODWILL

Not applicable

4. DISCONTINUED OPERATIONS

Not applicable

5. INVESTMENTS

- A. Mortgage Loans, including Mezzanine Real Estate Loans

Not applicable

- B. Debt Restructuring

Not applicable

- C. Reverse Mortgages

Not applicable

- D. Loan-Backed Securities

Not applicable

NOTES TO FINANCIAL STATEMENTS

E. Repurchase Agreements and/or Securities Lending Transactions

Not applicable

F. Writedowns for Impairments of Real Estate and Retail Land Sales

Not applicable

G. Low-Income Housing Tax Credit

Not applicable

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

Not applicable

7. INVESTMENT INCOME

All investment income due or accrued has been included in the filing.

8. DERIVATIVE INSTRUMENTS

Not applicable

9. INCOME TAXES

PHP is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

A, B, C, D, E, F, G

PHP is a controlled entity of Sparrow Health System (SHS). Certain administrative expenses such as payroll are processed under a centralized Sparrow system. The financial statements have been prepared from separate records maintained by Sparrow, with certain expense items representing allocations from Sparrow.

PHP has a contract with Physicians Health Network (PHN). PHP members obtain medical services from PHN.

PHP FamilyCare (PHP FC) is a not-for-profit HMO organized under the laws of the state of Michigan and is a wholly-owned subsidiary of PHP. Certain administrative expenses are charged to PHP FC for services which apply to the PHP FC participants.

PHP is the sole member of PHP Shared Services, LLC. The purpose of PHP Shared Services, LLC is to facilitate statewide contracting and to achieve economies of scale to obtain health maintenance organization management and other required purchased services for owners of PHP Shared Services, LLC. Effective June 30, 2013 PHP Shared Services was dissolved.

PHP Insurance Company (PHP IC) is a for-profit company organized under the laws of the state of Michigan and is a wholly-owned subsidiary of PHP. Certain administrative expenses are charged to PHP IC for services which apply directly to PHP IC.

PHP Service Company (PHP SC) is a for-profit company organized under the laws of the state of Michigan and is a wholly-owned subsidiary of PHP. Certain administrative expenses are charged to PHP SC for services which apply directly to PHP SC. Effective August 13, 2013, PHP made a capital contribution to PHP SC in the amount of \$850,000.

Names of Insurers and Parent, Subsidiaries or Affiliates	Capital Contributions	Management Agreements and Service Contracts
Physicians Health Network	\$ -	\$ 194,540,328
Physicians Health Plan	(850,000)	(153,725,161)
PHP FamilyCare	-	(45,365,798)
PHP Service Company	850,000	(2,417,319)
PHP Insurance Company	-	(3,497,196)
Sparrow Health System	-	10,465,146

NOTES TO FINANCIAL STATEMENTS

H. Amount Deducted for Investment in Upstream Company

Not Applicable

I. Detail of Investments in Affiliates Greater than 10% of Admitted Assets

Not Applicable

J. Writedowns for Impairment of Investments in Affiliates

Not Applicable

K. Foreign Subsidiary Valued Using CARVM

Not Applicable

L. Downstream Holding Company Valued Using Look-Through Method

Not Applicable

11. DEBT

Not applicable

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES AND OTHER POSTRETIREMENT BENEFIT PLANS

Some PHP employees are covered by a noncontributory pension plan sponsored by SHS (the “Plan”). Pension benefits under the Plan are based on years of service and the employee’s compensation during the last five years of employment. The policy of the Plan is to contribute an amount equal to or at least the actuarially determined minimum funding requirement. Contributions are intended to provide for benefits attributed to service to date and for those expected to be earned in the future. Plan assets are invested primarily in equities and fixed income securities. Other PHP employees are covered by an approved 401(k) program. PHP paid \$514,000 and \$553,000 to SHS in 2013 and 2012, respectively, for their pension costs.

13. CAPITAL AND SURPLUS, SHAREHOLDERS’ DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

Not applicable

14. CONTINGENCIES

A. Contingent Commitments

Not Applicable

B. Guaranty Fund and Other Assessments

Not Applicable

C. Gain Contingencies

Not Applicable

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming From Lawsuits

Not Applicable

E. Other Contingencies

Not Applicable

15. LEASES

A. Lessee Leasing Arrangements

Not Applicable

NOTES TO FINANCIAL STATEMENTS

B. Lessor Leases

Not Applicable

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

Not applicable

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

Not applicable

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

Not applicable

19. DIRECT PREMIUM WRITTEN / PRODUCED BY MANAGING GENERAL AGENTS / THIRD PARTY ADMINISTRATORS

Not applicable

20. FAIR VALUE MEASUREMENTS

A.

1. Assets Measured at Fair Value on a Recurring Basis:

1	2	3	4	5
Description for Each Class of Asset or Liability	Level 1	Level 2	Level 3	Total
a. Assets at Fair Value				
Mutual Funds	\$ 33,848,891			\$ 33,848,891
Short-Term Investments	28,879,220	-	-	28,879,220
Total Assets at Fair Value	\$ 62,728,110	\$ -	\$ -	\$ 62,728,110

There are no assets or liabilities recorded at fair value on a non-recurring basis as of December 31, 2013 and December 31, 2012.

The Company has categorized its assets and liabilities into the three-level fair value hierarchy based upon the priority of the inputs to the respective valuation technique. The following summarizes the type of assets and liabilities owned by the Company that are included within the three-level fair value hierarchy presented in the table above:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets and liabilities: This category is generally quotes for debt or equity securities actively traded in exchange or over-the-counter markets.

Level 2 – Significant other observable inputs: The Company has no Level 2 assets or liabilities.

Level 3 – Significant unobservable inputs: The Company has no Level 3 assets or liabilities.

2. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

The Company has no assets or liabilities measured at fair value in the Level 3 category

3. Policy on Transfers Into and Out of Level 3

At the end of each reporting period, the Company evaluates whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the current year, no transfers into or out of Level 3 were required.

NOTES TO FINANCIAL STATEMENTS

4. Inputs and Techniques Used for Level 2 and Level 3 Fair Values

The Company has no assets or liabilities measured at fair value in the Level 3 category.

5. Derivative Fair Value

Not applicable

B. Other Fair Value Disclosures

Not applicable

C. Reasons Not Practical to Estimate Fair Values

Not applicable

21. OTHER ITEMS

A. Extraordinary Items

Not applicable

B. Troubled Debt Restructuring

Not applicable

C. Other Disclosures

(1) Dividends paid by a Michigan HMO are subject to limitations imposed by the Michigan Insurance Code (the Code). Under the Code, dividends may be paid only from statutory earnings and net worth. In addition, OFIR must approve all dividends and may not approve extraordinary dividends. There were no dividend payments in 2013 or 2012.

(2) High Risk Health Insurance Pool Program: The Office of Consumer Information & Insurance Oversight in the Department of Health & Human Services in coordination with the Michigan Office of Financial & Insurance Regulation awarded a contract to Physicians Health Plan to establish and operate a temporary high risk health insurance pool program in Michigan to provide health insurance coverage to currently uninsured individuals with pre-existing conditions.

The program provided coverage for eligible individuals beginning October 1, 2010. The program ended June 30, 2013.

Physicians Health Plan enrolled 0 and 2,240 individuals and recorded \$3,856,595 and \$5,124,390 in individual enrollee revenue respectively at December 31, 2013 and December 31, 2012.

(3) Effective August 1, 2011, Physicians Health Plan of Mid-Michigan's name was changed to Physicians Health Plan.

D. Uncollectible Premiums Receivable

Not applicable

E. Business Interruption Insurance Recoveries

Not applicable

F. State Transferable Tax Credits

Not applicable

G. Subprime Mortgage Related Risk Exposure

Not applicable

H. Retained Assets

Not applicable

NOTES TO FINANCIAL STATEMENTS

22. EVENTS SUBSEQUENT

On January 1, 2014 the Company will be subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes

Payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, 2014. As of December 31, 2013, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2014, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2014 to be \$3,325,171.

23. REINSURANCE

A. Ceded Reinsurance Report

Section 1 General Interrogatories

(1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company? Yes () No (x)

(2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) which is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business? Yes () No (x)

Section 2 Ceded Reinsurance Report Part A.

(1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credit? Yes () No(x).

(2) Does the company have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsured of amounts which, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies? Yes () No (x).

Section 3 Ceded Reinsurance Report Part B.

(1) What is the estimated amount of the aggregate reduction in surplus, for agreements, not reflected in Section 2 above, of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$0.00

(2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement to include policies or contracts which were in force or which had existing reserves established by the company as of the effective date of the agreement? Yes() No (x).

B. Uncollectible Reinsurance

Not applicable

C. Commutation of Ceded Reinsurance

Not applicable

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

Not applicable

NOTES TO FINANCIAL STATEMENTS

25. CHANGE IN INCURRED CLAIMS AND CLAIM ADJUSTMENT EXPENSES

The following table provides a reconciliation of beginning and ending reserves for claims unpaid and unpaid claim adjustment expenses, net of reinsurance recoverable on unpaid losses:

	2013	2012
	(in thousands)	
Balance—January 1	\$ 19,310	\$ 14,574
Add provision for claims occurring in:		
Current year	178,052	198,541
Prior year	(246)	(1,047)
Net incurred losses during the current year	177,806	197,494
Deduct payments for claims occurring in:		
Current year	164,527	179,329
Prior year	17,772	13,429
Net claim payments during the current year	182,299	192,758
End of year reserve - December 31	\$ 14,817	\$ 19,310

26. INTERCOMPANY POOLING ARRANGEMENTS

Not applicable

27. STRUCTURED SETTLEMENTS

Not applicable

28. HEALTH CARE RECEIVABLES

Healthcare receivables include pharmacy rebates PHP receives from third party vendors. These rebates are calculated using estimates based on per claim guarantee calculations, historical rebate trends and membership. Activity for the previous three years is summarized as follows:

A. Pharmacy Rebates (In Thousands)

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2013	\$ 676	\$ 676	\$ -	\$ -	\$ -
9/30/2013	708	708	609	-	-
6/30/2013	765	765	-	538	-
3/31/2013	770	770	-	669	69
12/31/2012	864	864	-	607	57
9/30/2012	865	865	-	725	45
6/30/2012	860	860	667	-	33
3/31/2012	871	871	-	746	-
12/31/2011	1,009	1,009	587	628	-
9/30/2011	799	799	674	-	-
6/30/2011	888	888	497	-	-
3/31/2011	902	902	607	-	-

B. Risk Share Receivable

None

NOTES TO FINANCIAL STATEMENTS

29. PARTICIPATING POLICIES

Not applicable

30. PREMIUM DEFICIENCY RESERVES

Not applicable

31. ANTICIPATED SALVAGE AND SUBROGATION

Not applicable

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

GENERAL

1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

If yes, complete Schedule Y, Parts 1, 1A and 2.

Yes (X) No ()

1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes (X) No () N/A ()

1.3

State Regulating?

Michigan

2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes () No (X)

2.2

If yes, date of change:

.....

3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2011

3.2

State the as of date of the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2011

3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

03/29/2013

3.4

By what department or departments?
MICHIGAN DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES

3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes (X) No () N/A ()

3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes (X) No () N/A ()

4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11

sales of new business?

Yes () No (X)

4.12

renewals?

Yes () No (X)

4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21

sales of new business?

Yes () No (X)

4.22

renewals?

Yes () No (X)

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

GENERAL

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes () No (X)

5.2 If yes, provide the name of entity, the NAIC company code, and state of domicile (use two-letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

¹ Name of Entity	² NAIC Company Code	³ State of Domicile
--------------------------------	-----------------------------------	-----------------------------------

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes () No (X)

6.2 If yes, give full information:
.....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes () No (X)

7.2 If yes, 7.21 State the percentage of foreign control %

7.22 State the nationality(s) of the foregin person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

¹ Nationality	² Type of Entity
-----------------------------	--------------------------------

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes () No (X)

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes () No (X)

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

¹ Affiliate Name	² Location (City, State)	³ FRB	⁴ OCC	⁵ FDIC	⁶ SEC
--------------------------------	--	---------------------	---------------------	----------------------	---------------------

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

GENERAL

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
ERNST & YOUNG, SUITE 1000, ONE KENNEDY SQUARE, 777 WOODWARD AVENUE, DETROIT, MI 48226
- 10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule) , or substantially similar state law or regulation?

Yes () No (X)
- 10.2 If the response to 10. 1 is yes , provide information related to this exemption:
- 10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation?

Yes () No (X)
- 10.4 If the response to 10. 3 is yes , provide information related to this exemption:
- 10.5 Has the reporting entity established an Audit Committee in compliance with domiciliary state insurance laws?

Yes (X) No () N/A ()
- 10.6 If the response to 10. 5 is no or n/a, please explain:
11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
MICHAEL G. STURM, BRÖÖKFELD, WI (MILLIMAN)
- 12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes () No (X)

12. 11 Name of real estate holding company
.....
12. 12 Number of parcels involved
.....
12. 13 Total book/adjusted carrying value
\$
- 12.2 If yes, provide explanation
.....
13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13. 1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
13. 2 Does this statement contain all business transacted for the reporting entity through its United States branch on risks wherever located?

Yes () No ()

13. 3 Have there been any changes made to any of the trust indentures during the year?

Yes () No ()

13. 4 If answer to (13. 3) is yes, has the domiciliary or entry state approved the changes?

Yes () No () N/A (X)
- 14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller , or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes (X) No ()

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.
- 14.11 If the response to 14. 1 is No, please explain:
- 14.2 Has the code of ethics for senior managers been amended?

Yes () No (X)
- 14.21 If the response to 14. 2 is Yes , provide information related to amendment (s) .
- 14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes () No (X)
- 14.31 If the response to 14. 3 is Yes, provide the nature of any waiver (s) .
- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?

Yes () No (X)
- 15.2 If the response to 15. 1 is yes , indicate the American Bankers Association (ABA) Routing Number and the name of issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
--	--	--	-----------------

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

BOARD OF DIRECTORS

16.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes (X) No ()
17.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes (X) No ()
18.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees, or responsible employees that is in conflict or is likely to conflict with the official duties of such person?

Yes (X) No ()

FINANCIAL

19.

Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes () No (X)
- 20.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11

To directors or other officers

\$

20.12

To stockholders not officers

\$

20.13

Trustees, supreme or grand (Fraternal only)

\$
- 20.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21

To directors or other officers

\$

20.22

To stockholders not officers

\$

20.23

Trustees, supreme or grand (Fraternal only)

\$
- 21.1

Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes () No (X)
- 21.2

If yes, state the amount thereof at December 31 of the current year:

21.21

Rented from others

\$

21.22

Borrowed from others

\$

21.23

Leased from others

\$

21.24

Other

\$
- 22.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes () No (X)
- 22.2

If answer is yes:

22.21

Amount paid as losses or risk adjustment

\$

22.22

Amount paid as expenses

\$

22.23

Other amounts paid

\$
- 23.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes (X) No ()
- 23.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$28,394

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

24.01

Were all the stocks , bonds and other securities owned December 31 of current year , over which the reporting entity has exclusive control , in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)

Yes (X) No ()

24.02

If no , give full and complete information relating thereto:
.....
.....

24.03

For the security lending programs , provide a description of the program including value for collateral and amount of loaned securities , and whether collateral is carried on or off-balance sheet . (an alternative is to reference Note 17 where this information is also provided)
.....
.....

24.04

Does the Company's security lending program meet the requirements for a conforming program as outlined in Risk-Based Capital Instructions?

Yes () No () N/A (X)

24.05

If answer to 24.04 is YES , report amount of collateral for conforming programs .

\$

24.06

If answer to 24.04 is NO , report amount of collateral for other programs .

\$

24.07

Does your security lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes () No () N/A (X)

24.08

Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes () No () N/A (X)

24.09

Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes () No () N/A (X)

24.10

For the reporting entity's security lending program , state the amount of the following as of December 31 of the current year:

24.101

Total fair value of reinvented collateral assets reported on Schedule DL , Parts 1 and 2

\$

24.102

Total book adjusted /carrying value of reinvested collateral assets reported on Schedule DL , Parts 1 and 2

\$

24.103

Total payable for securities lending reported on the liability page

\$

25.1

Were any of the stocks , bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity , or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03)

Yes (X) No ()

25.2

If yes , state the amount thereof at December 31 of the current year:

25.21

Subject to repurchase agreements

\$

25.22

Subject to reverse repurchase agreements

\$

25.23

Subject to dollar repurchase agreements

\$

25.24

Subject to reverse dollar repurchase agreements

\$

25.25

Pledged as collateral

\$

25.26

Placed under option agreements

\$

25.27

Letter stock or securities restricted as to sale

\$

25.28

On deposit with state or other regulatory body

\$ 1,160,796

25.29

Other

\$

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
----------------------------	------------------	-------------

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes () No (X)
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes () No () N/A (X)
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes () No (X)
- 27.2 If yes, state the amount thereof at December 31 of the current year.

\$
28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds, and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes (X) No ()

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
---------------------------	--------------------------

BNY MELLON ONE MELLON CENTER, PITTSBURGH, PA 15258-0001

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
--------------	------------------	------------------------------

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes () No (X)

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
--------------------	--------------------	---------------------	-------------

28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
--	-----------	--------------

N/A SEI 1 FREEDOM DRIVE, OAKS, PA 19456

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes () No (X)

29.2 If yes, complete the following schedule:

1 CUSIP Number	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
-------------------	--------------------------	-----------------------------------

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from question 29.2)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
--	--	---	------------------------

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

INVESTMENT

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	\$ 28,879,220	\$ 28,879,220	\$
30.2 Preferred stocks	\$	\$	\$
30.3 Totals	\$ 28,879,220	\$ 28,879,220	\$

30.4 Describe the sources or methods utilized in determining the fair values:
NAIC ACCOUNTING PRACTICES
.....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes () No (X)

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes () No ()

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
PRICE PUBLISHED IN NAIC VALUATION OF SECURITIES
.....

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes (X) No ()

32.2 If no, list exceptions:
.....
.....

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES

OTHER

33.1 Amount of payments to Trade Associations, service organizations and statistical or Rating Bureaus, if any? \$ 151,062

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
MICHIGAN ASSOCIATION F HEALTH PLANS	\$ 48,430
HEALTH PLAN ALLIANCE	\$ 45,093
.....	\$
.....	\$

34.1 Amount of payments for legal expenses, if any? \$ 195,402

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
FOSTER SWIFT COLLINS & SMITH	\$ 148,721
.....	\$
.....	\$
.....	\$

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$
.....	\$
.....	\$
.....	\$

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes () No (X)

1.2

If yes, indicate premium earned on U.S. business only.

\$

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31

Reason for excluding:

.....

.....

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$

1.62

Total incurred claims

\$

1.63

Number of covered lives

.....

All years prior to most current three years:

1.64

Total premium earned

\$

1.65

Total incurred claims

\$

1.66

Number of covered lives

.....

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$

1.72

Total incurred claims

\$

1.73

Number of covered lives

.....

All years prior to most current three years:

1.74

Total premium earned

\$

1.75

Total incurred claims

\$

1.76

Number of covered lives

.....

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$ 163,225,016

\$ 166,174,961

2.2

Premium Denominator

\$ 163,225,016

\$ 166,175,961

2.3

Premium Ratio (2.1 / 2.2)

..... 1.000

..... 1.000

2.4

Reserve Numerator

\$ 19,325,059

\$ 23,084,765

2.5

Reserve Denominator

\$ 19,325,059

\$ 23,084,765

2.6

Reserve Ratio (2.4 / 2.5)

..... 1.000

..... 1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes () No (X)

3.2

If yes, give particulars:

.....

.....

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes (X) No ()

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes () No (X)

5.1

Does the reporting entity have stop-loss reinsurance?

Yes (X) No ()

5.2

If no, explain:

.....

.....

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$ 350,000

5.32

Medical Only

\$

5.33

Medicare Supplement

\$

5.34

Dental & Vision

\$

5.35

Other Limited Benefit Plan

\$

5.36

Other

\$

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

HOLD HARMLESS PROVISION IN PROVIDER CONTRACT

STATE REQUIRED RESERVES & INSOLVENCY CLAUSE IN REINSURANCE AGREEMENT

7.1

Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes (X) No ()

7.2

If no, give details:

.....

.....

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

..... 1,713

8.2

Number of providers at end of reporting year

..... 2,857

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes () No (X)

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

.....

9.22

Business with rate guarantees over 36 months

.....

GENERAL INTERROGATORIES (Continued)

PART 2 - HEALTH INTERROGATORIES

10.1

Does the reporting entity have Incentive Pool, Withhold, or Bonus Arrangements in its provider contracts?

Yes (X) No ()

10.2

If yes:

10.21

Maximum amount payable bonuses

\$

10.22

Amount actually paid for year bonuses

\$

10.23

Maximum amount payable withholds

\$ 3,726,202

10.24

Amount actually paid for year withholds

\$ 3,726,202

11.1

Is the reporting entity organized as:

11.12

A Medical Group / Staff Model,

Yes () No (X)

11.13

An Individual Practice Association (IPA) , or

Yes () No (X)

11.14

A Mixed Model (combination of above)?

Yes () No (X)

11.2

Is the reporting entity subject to Minimum Net Worth Requirements?

Yes (X) No ()

11.3

If yes, show the name of the state requiring such net worth.

..... MICHIGAN

11.4

If yes, show the amount required.

\$

11.5

Is this amount included as part of a contingency reserve in stockholder's equity?

Yes () No (X)

11.6

If the amount is calculated, show the calculation

12/31/2013 RBC COMPANY ACTION LEVEL = \$

.....

12.1

List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
CLINTON, EATON, GRATIOT, HILLSDALE, INCHAM, IONIA
ISABELLA (PART) , JACKSON, LENAWEE (PART) , MONTCALM
SAGINAW (PART) , SHIAWASSEE, WASHTENAW (PART)

13.1

Do you act as a custodian for health savings accounts?

Yes () No (X)

13.2

If yes, please provide the amount of custodial funds held as of the reporting date.

\$

13.3

Do you act as an administrator for health savings accounts?

Yes () No (X)

13.4

If yes, please provide the balance of the funds administered as of the reporting date.

\$

GENERAL INTERROGATORIES - Line 12 (continued)

1 Name of Service Area	
Name of Service Area	
CLINTON COUNTY	
EATON COUNTY	
GRATIOT COUNTY	
HILLSDALE COUNTY	
INGHAM COUNTY	
IONIA COUNTY	
ISABELLA COUNTY (PARTIAL)	
JACKSON COUNTY	
LENAWEE COUNTY (PARTIAL)	
MONTCALM COUNTY	
SAGINAW COUNTY (PARTIAL)	
SHIAWASSEE COUNTY	
WASHTENAW COUNTY (PARTIAL)	
12 - Name of Service Area	

FIVE - YEAR HISTORICAL DATA

	1	2	3	4	5
	2013	2012	2011	2010	2009
BALANCE SHEET (Page 2 and Page 3)					
1. Total admitted assets (Page 2, Line 28)	83,161,867	79,948,043	70,272,205	73,918,572	80,031,898
2. Total liabilities (Page 3, Line 24)	24,956,453	27,221,508	23,468,576	22,408,538	28,918,392
3. Statutory surplus		23,258,810	25,794,208	21,000,704	21,575,238
4. Total capital and surplus (Page 3, Line 33)	58,205,414	52,726,535	46,803,629	51,532,173	51,113,506
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	195,271,425	214,590,468	171,877,815	164,328,413	178,322,864
6. Total medical and hospital expenses (Line 18)	178,892,609	197,866,840	157,179,539	150,123,838	156,681,838
7. Claims adjustment expenses (Line 20)	3,791,978	4,268,792	3,509,517	3,685,460	3,989,944
8. Total administrative expenses (Line 21)	11,812,868	13,298,252	10,932,939	10,603,780	11,415,246
9. Net underwriting gain (loss) (Line 24)	773,970	(843,416)	255,820	(84,665)	6,235,836
10. Net investment gain (loss) (Line 27)	2,250,206	799,016	3,756,822	390,787	(277,810)
11. Total other income (Line 28 plus Line 29)		25,000	(435)	1,085,342	334
12. Net income or (loss) (Line 32)	3,024,176	(19,400)	4,012,207	1,391,464	5,958,360
CASH FLOW (Page 6)					
13. Net cash from operations (Line 11)	8,627,908	(50,154)	(2,119,386)	(3,823,137)	(310,322)
RISK-BASED CAPITAL ANALYSIS					
14. Total adjusted capital	58,205,414	52,824,235	46,803,629	51,532,173	51,113,506
15. Authorized control level risk-based capital	12,081,121	11,629,405	12,897,104	10,500,352	10,787,619
ENROLLMENT (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	31,901	36,614	34,750	35,092	40,048
17. Total members months (Column 6, Line 7)	405,089	420,519	403,697	432,399	498,975
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Line 2, Line 3, and Line 5) X 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Line 3 plus Line 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	109.6	119.1	100.8	91.4	87.9
20. Cost containment expenses	1.6	1.8	1.5	1.5	1.5
21. Other claims adjustment expenses	0.7	0.8	0.7	0.7	0.7
22. Total underwriting deductions (Line 23)	119.2	129.6	110.1	100.1	96.5
23. Total underwriting gain (loss) (Line 24)	0.5	(0.5)	0.2	(0.1)	3.5
UNPAID CLAIMS ANALYSIS (U and I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Column 5)	19,438,260	14,665,077	12,836,506	11,562,489	22,173,302
25. Estimated liability of unpaid claims of prior year (Line 13, Column 6)	23,084,765	18,535,039	14,087,521	17,089,568	26,643,908
INVESTMENTS IN PARENT, SUBSIDIARIES, AND AFFILIATES					
26. Affiliated bonds (Schedule D Summary, Line 12, Column 1)					
27. Affiliated preferred stocks (Schedule D Summary, Line 18, Column 1)					
28. Affiliated common stocks (Schedule D Summary, Line 24, Column 1)	8,702,138	8,982,259	9,182,148	6,251,943	9,191,247
29. Affiliated short-term investments (subtotal included in Schedule DA Verification, Column 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated	7,727,980	6,259,898	6,413,428	6,517,946	6,657,461
32. Total of above Line 26 to Line 31	16,430,118	15,242,157	15,595,576	12,769,889	15,848,708
33. Total investment in parent included in Line 26 to Line 31 above					

Note: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3,
Accounting Changes and Correction of Errors?

If no, please explain:

Yes () No ()

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1		Direct Business Only Year to Date							
	Active Status		2	3	4	5	6	7	8	9
			Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Column 2 Through Column 7	Deposit-Type Contracts
1. Alabama	AL	N								
2. Alaska	AK	N								
3. Arizona	AZ	N								
4. Arkansas	AR	N								
5. California	CA	N								
6. Colorado	CO	N								
7. Connecticut	CT	N								
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	N								
11. Georgia	GA	N								
12. Hawaii	HI	N								
13. Idaho	ID	N								
14. Illinois	IL	N								
15. Indiana	IN	N								
16. Iowa	IA	N								
17. Kansas	KS	N								
18. Kentucky	KY	N								
19. Louisiana	LA	N								
20. Maine	ME	N								
21. Maryland	MD	N								
22. Massachusetts	MA	N								
23. Michigan	MI	L	163,038,563			1,692,384			164,730,947	
24. Minnesota	MN	N								
25. Mississippi	MS	N								
26. Missouri	MO	N								
27. Montana	MT	N								
28. Nebraska	NE	N								
29. Nevada	NV	N								
30. New Hampshire	NH	N								
31. New Jersey	NJ	N								
32. New Mexico	NM	N								
33. New York	NY	N								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	N								
37. Oklahoma	OK	N								
38. Oregon	OR	N								
39. Pennsylvania	PA	N								
40. Rhode Island	RI	N								
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	N								
44. Texas	TX	N								
45. Utah	UT	N								
46. Vermont	VT	N								
47. Virginia	VA	N								
48. Washington	WA	N								
49. West Virginia	WV	N								
50. Wisconsin	WI	N								
51. Wyoming	WY	N								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CAN	N								
58. Aggregate Other Alien	OT	X X X								
59. Subtotal		X X X	163,038,563			1,692,384			164,730,947	
60. Reporting entity contributions for Employee Benefit Plans		X X X								
61. Total (Direct Business)	(a)	1	163,038,563			1,692,384			164,730,947	

DETAILS OF WRITE-INS

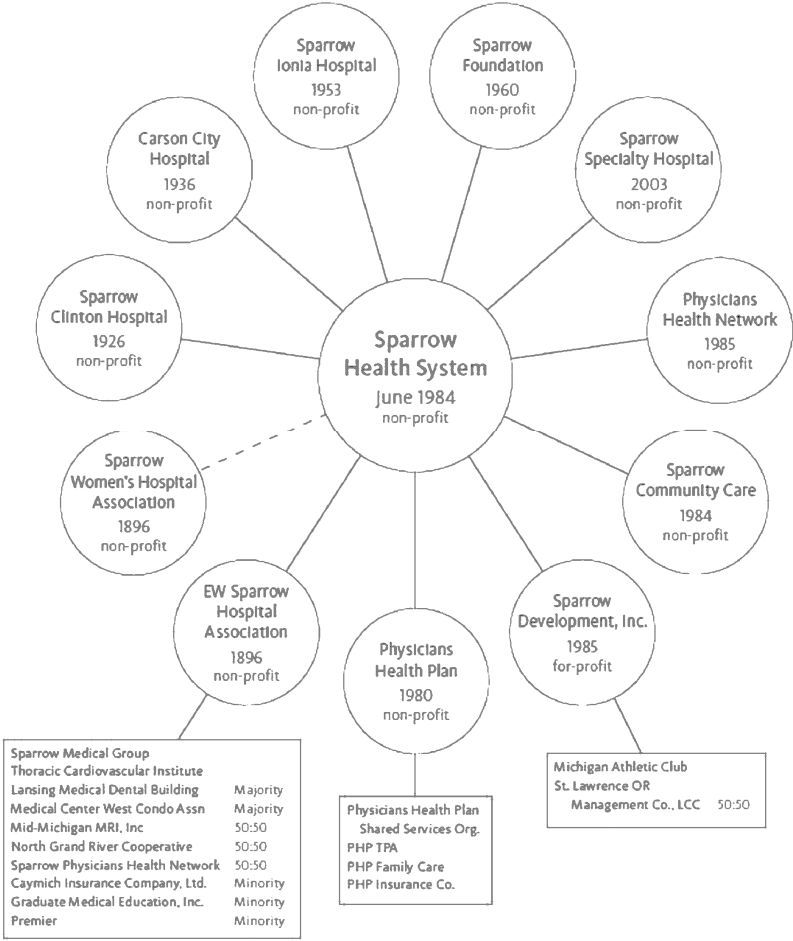
58001.										
58002.										
58003.										
58998.	Summary of remaining write-ins for Line 58 from overflow page									
58999.	Total (Line 58001 through Line 58003 plus Line 58998) (Line 58 above)									

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.

(a) Insert the number of "L" responses except for Canada and Other Alien.

ANNUAL STATEMENT FOR THE YEAR 2013 OF THE PHYSICIANS HEALTH PLAN
SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



Health

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